GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:384
ANSWERED ON:09.08.2002
BUY BACK OF SHARES
DR. KIRIT SOMAIYA;VINAY KUMAR SORAKE

Will the Minister of FINANCE be pleased to state:

(a) whether Department of Company Affairs and SEBI have taken note of the misuse of the provisions of Companies Act, 1956 regarding deduction and buy-back of shares;

(b) whether the loopholes have come out due to the recent scheme of M/s Sterlite Company;

(c) if so, the details thereof; and

(d) the corrective steps taken by the Government to safeguard the interest of small investors?

Answer

MINISTER OF FINANCE & COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (d) Vide its Order dated 19.04.2002, the High Court of Bombay has held that buy back of shares as a scheme of arrangement by M/s Sterlite Industries (India) Ltd under sections 391 to 394 read with sections 100 to 104 of the Companies Act, 1956 is permissible. The Department of Company Affairs preferred an appeal against above order. However, appeal Court has upheld the earlier order of the High Court with some concession to shareholders.